

For a brief period after World War I, the British economy improved as soldiers returned to work and industry produced luxury goods.

This boom soon ended, and from 1920 until World War II, unemployment in Britain remained high, often exceeding one million.

Older industries such as coal, steel, textiles, shipbuilding were beginning to get out of date and suffered competition from countries with newer factories.

The Liberal Party had been the main ruling party for eight years before the First World War.

However, in 1916 David Lloyd George, a leading Liberal, split from the rest of the party because he disagreed with the way the government was running the war.

He formed a coalition with the Conservatives.

He was Prime Minister at the head of a small vigorous War Cabinet.

He wanted to continue this coalition after the war and won the 1918 election easily. However most of his supporters were Conservatives.

In 1918, Lloyd George promised returning soldiers "homes for heroes," which led to Addison's Act in 1919.

The Labour Party became the main opposition to the Conservative-dominated government.

In 1922, the **Conservatives** formed a government **without** Lloyd George and **Stanley Baldwin** became Prime Minister in 1923.

First Labour Government (1924):

After the **1924** election the King asked Ramsay MacDonald, the Labour leader, to become Prime Minister of the first-ever **Labour government**.

However, he relied on Liberal support and could only pass legislation they agreed to.

Wheatley's Housing Act of 1924 provided loans to build low-cost rental housing.

This government was short-lived, and **Baldwin** became Prime Minister again in 1924.

Britain's returned to the **Gold Standard** in 1925 as it had been before the war. This made price of exports very high. Many foreign customers could no longer afford to buy British products, and they began to buy cheaper products from other countries.

The General Strike (1926):

The coal industry was struggling due to outdated mines, reduced demand, and high prices resulting from the Gold Standard.

Coal mine owners sought to cut wages and increase working hours, leading to strikes.

The miners formed a 'triple alliance' with railway and transport workers.

When the owners proposed wage cuts in 1921, the miners called a strike. They asked their two allies to support them, but they refused. Miners called this Black Friday. After a long, bitter strike, they had to go back to work at the lower wages.

In 1925 prices dropped again and the owners proposed an increase in hours worked per day from seven to eight, and a reduction in pay. The triple alliance held together this time. Faced with a big strike, Baldwin granted a subsidy to keep wages up and hours down for nine months.

When the subsidy ended and the mine owners announced terms of longer hours and lower wages, the Trades Union Congress called a General Strike on May 4th, 1926.

Workers from many major industries joined the strike.

The government used volunteers from the Organisation for the Maintenance of Supplies to try to keep the country running.

After nine days, the Trades Union Congress called off the strike due to accusations of attacking the constitution.

The miners continued the strike alone until November 1926, when they were forced to return to work with lower wages and poor conditions.

The Trades Dispute Act of 1927 made sympathetic strikes illegal.

Many strikers were victimized by their employers and union membership declined.

Public support shifted to the Labour Party.

In 1929, the Labour Party became the largest party, and Ramsay MacDonald became Prime Minister for the second time.

The Great Depression:

The Wall Street Crash of 1929 led to a global economic crisis, and the U.S. drastically cut its loans to Europe.

As a trading nation, Britain was severely affected.

By 1932, unemployment reached nearly three million.

In 1931, Ramsay MacDonald took Britain off the Gold Standard to lower the value of the pound, in an effort to make exports less expensive, but it did not fix the problem.

MacDonald proposed cuts to public spending, causing the Labour Party to split.

MacDonald formed a **National Government**, a coalition with Conservatives and Liberals, and was expelled from the Labour Party.

The government introduced a means test in 1931 to reduce dole payments, leading to hardship and resentment.

The Jarrow Crusade (1936):

In 1936, 200 unemployed workers from Jarrow marched to London to petition the Prime Minister for government contracts for the Jarrow shipyard. Their dole money was cut while they were on the Crusade because they had not been 'available for work'.

By the mid-1930s some areas of the country began to recover economically due to new industries, such as electrical goods, household goods, aeroplanes, cars and chemicals. Wages increased and prices were reduced in these industries.

In 1935 Baldwin became Prime Minister.

In 1937, Neville Chamberlain became Prime Minister.

The government removed the cuts made in 1931 and provided special loans for hard-hit areas.

Extremist parties like the Communist Party and the British Union of Fascists (BUF) had little support.

The BUF was disbanded after the Public Order Act of 1937 banned political uniforms.

King Edward VIII abdicated after proposing to marry a divorced American woman, Mrs. Wallis Simpson.

His brother became King George VI.

Chamberlain began building up the armed forces in 1938, which reduced unemployment.

By 1940, Britain was at war.